

Message Text

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ACTION NEA-10

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ATHENS FOR RTDO

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TAGS: BDIS, TC
GENERAL MOTORS' BIDDING PRACTICE QUESTIONED IN ABU DHABI

1. SUMMARY: ACCORDING TO LOCAL VERSION OF EVENTS PRACTICES OF GENERAL MOTORS HAVE HURT LOCAL FIRM AND HAVE GENERALLY DISMAYED ABU DHABI BUSINESS COMMUNITY. EMBASSY WOULD APPRECIATE HEARING GM EXPLANATION OF EVENTS. END SUMMARY.
 2. ON SEPT. 29, 1976 TENDERS WERE SUBMITTED TO ABU DHABI DEPARTMENT OF WATER AND ELECTRICITY (DWE) FOR SUPPLY, ERECTION, AND MAINTENANCE OF FIVE DESERT POWER STATIONS WHICH INCLUDED 16 TWO MEGAWAT GENERAL MOTORS DIESEL-ELECTRIC GENERATOR UNITS. IN THE INTERESTS OF STANDARD I-
ZQTION DWE SPECS WERE WRITTEN IN SUCH A WAY AS TO MAKE BIDDING OF MACHINES OTHER THAN GM'S (ELECTROMOTIVE DIVISION) VIRTUALLY IMPOSSIBLE.
 3. LOW BID OF 44 MILLION DIRHAM (ONE DOLLAR EQUALS 3.94 DIRHAM) WAS SUBMITTED BY PECON, AN ABU DHABIAN CONTRACTING COMPANY USING GM UNITS, / 294(8,& 285# 5#3 09234 6 53. \$8;ISION OF MORRISON KNUDSEN USA. DIRECT
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BID OF 53 MILLION DIRHAM WAS ALSO SUBMITTED BY GM
(GM'S AGENT JUMA AL-MAJID OF DUBAI).

4. PECON WAS RECOMMENDED BY CONSULTANT AS WINNING CONTRACTOR AND THIS RECOMMENDATION WAS APPROVED BY PROJECT COUNCIL AND ACCEPTED BY EXECUTIVE COUNCIL, BUT AS

OFTEN HAPPENS IN ABU DHABI, GOVERNMENT COULD NOT COME TO DECISION UNTIL THE MACHINERY ORDER DATE SPECIFIED IN TENDERS HAD PASSED. HOWEVER, DWE STILL INSISTED ON START-UP OF MOST OF THE STATIONS BEFORE THE PEAK DEMAND SEASON IN SUMMER OF 1977. GM APPARENTLY SAW IN THIS AN OPPORTUNITY TO TAKE JOB AWAY FROM PECON/MORRISON KNUDSEN. ACCORDING TO PECON'S MANAGER, GM REFUSED TO DELIVER THE NECESSARY DIESEL GENERATORS TO PECON/MK IN TIME FOR THE REQUIREMENT PROJECT COMPLETION AND AT THE SAME TIME TELEXED OFFER TO DWE TO HAVE THE CRITICAL STATIONS OPERATING BY END OF MARCH AT PRICE EQUAL TO ORIGINAL PECON BID (ALL BIDS WERE PUBLIC INFORMATION BY THAT TIME).

5. PECON IS OWNED BY WELL-CONNECTED AND INFLUENTIAL ABU DHABIAN BUSINESSMAN MOHAMMED AL-RUBAYA WHO HAS BEEN EFFECTIVE AGENT FOR SALE OF MUCH US EQUIPMENT HERE. (RUBAYA IS AGENT FOR GENERAL ELECTRIC, ADMIRAL INTERNATIONAL , COLGATE-PALMOLIVE, ETC.). ALIENATION OF THIS BUSINESSMAN HAS RESULTED IN HIS WILLINGNESS TO TELL STORY SLAMMING GM. FURTHERMORE, GM'S CAPITALIZING ON FACT THAT SPECS LOCK IN ITS EQUIPMENT TO CUT OUT LOCAL FIRM WHICH HAD WON JOB "FAIR AND SQUARE" MAY HAVE IMPLICATIONS FOR FUTURE SPECIFICATION OF US EQUIPMENT.

6. ACTION REQUESTED: STORY CIRCULATING IN ABU DHABI BUSINESS COMMUNITY IS THAT LOCAL FIRM HAS BEEN SHABBILY TREATED BY US GIANT. PLEASE CONTACT GM AND ASK FOR FURTHER EXPLANATION. OF EVENTS.

7. COMMENT: IT SHOULD BE NOTED THAT WHILE HE IS INTENSELY LIMITED OFFICIAL USE

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DISTRESSED AT GM, PECON'S MANAGER HAS NOTHING BUT PRAISE FOR THE WAY IN WHICH THE POWER SYSTEMS DIVISION OF MORRISON KNUDSEN HAS BEEN COOPERATING WITH PECON THROUGHOUT THIS ENTIRE AFFAIR.
DICKMAN

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